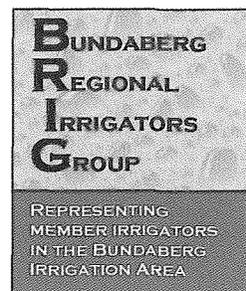


7 MAR 2011

DATE RECEIVED

1 March 2011



Mr J Hall
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Dear John

RE: BUNDABERG SUNWATER PRICING REVIEW

Please refer to Minister Robertson's letter to the QCA Chairman dated 28th September 2010 (Ref CTS 14742/10) and the Sunwater Bundaberg Network Service Plans (NSP).

The members of Bundaberg Regional Irrigators Group (BRIG) believe that QCA will need to seek further clarification on the matter of Paradise Dam water pricing as set out in the Minister's letter that is now posted on the QCA website.

Our concerns are related to the fact that Sunwater delivers the old water (subject to the QCA price review process) and the new Burnett water (not included in the price review process) through the same distribution infrastructure. In our view the NSP plans do not adequately address this issue and it is still unclear how the costs and income associated with the delivery of the new water are included in the information relating to the old water's pricing. It is also obvious that there will be considerable difference between the two systems of charges when the new old water prices are adopted. The issue will be further complicated as additional new water is sold during the duration of the new price path.

The bulk water (storages) NSP for Bundaberg is not a simple storage model with a portion of the distribution costs for the Gin Gin channel being included to cover the transfer of water from the Kolan River to the Burnett River. BRIG will be questioning the magnitude of this transfer as it expects Sunwater will use the unsold water in Paradise instead of pumping water from the Kolan. The review of the Water resource Plan that is currently underway may also impact on the magnitude of the transfer.

Our initial review of the NSP has left us with many questions and points requiring clarification. The period between the planned local QCA / Sunwater / customer meeting and the date for submissions is quite short. Is there any opportunity for BRIG to seek clarification from Sunwater on these matters before the planned meetings so that a better submission can be prepared in a timely manner?

Yours faithfully



Dale Holliss
Company Secretary